

Daily Market Report

Saudi Arabia Stock Exchange

23 May 2012

الراجحي المالية
Al Rajhi Capital



TASI	7,103.52	1.06%
Volume	377.9mn	
Value	SAR7,835.7mn	
Trades	170,797	

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Market Commentary

Global markets end mixed yesterday, Asia trading lower today

European markets continued to trend higher for the second day on Tuesday as investors remained positive about the euro zone crisis. However, US markets ended the day flat after a selloff in the last couple of hours of trading, despite strong home sales data. Asian markets are trading with significant losses on Wednesday morning, as investors turned cautious ahead of the EU summit. Greek Prime Minister Lucas Papademos said yesterday preparations are being made for Greek exit from euro.

Tadawul surges 1% to close above 7,100 level

- The Saudi market jumped for the second day, gaining 1.1% to close at 7,103.5. The rise was supported by a 15.2% increase in turnover to SAR7.8bn. The advance decline ratio was positive at 2.3:1.
- Recently listed Najran Cement was the top gainer, while dominating the trading activity. Index heavyweights Al Rajhi and SABIC rose 2.4% and 1.1%. Nama Chemicals was the top loser, after being the top gainer a day before.

Major news

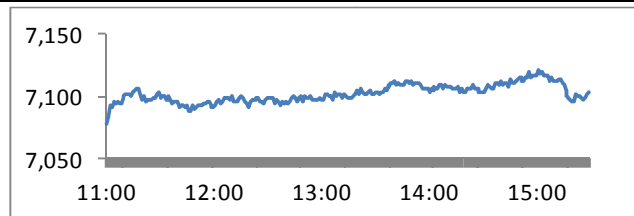
Fitch cut Japan's long-term foreign and local currency ratings to A+ from AA and AA-, respectively.

Bank of Japan decided to keep policy rates unchanged today and refrained from adding monetary stimulus after boosting its asset-purchase fund last month.

Outlook

The TASI is likely to open the day with a negative bias, following the cues from the global markets and the weakness in crude prices today. Technically, TASI has support near 6,990 levels.

TASI Intra-day Movement



Source: Bloomberg

Saudi Market Indices

Index	Close	Change (%)	MTD (%)	YTD (%)
Tadawul All Share Index	7,103.5	1.1	-6.0	10.7
Banks & Financial Services	16,046.0	1.4	-6.5	10.0
Petrochemical Industries	6,343.4	0.9	-7.3	1.8
Cement	6,194.2	1.8	-3.0	16.1
Retail	7,141.2	1.0	-3.9	10.3
Energy & Utilities	4,798.5	0.0	-3.8	-3.6
Agriculture & Food Ind.	6,485.8	0.6	-1.2	11.6
Telecom & IT	2,155.4	0.8	-4.5	29.2
Insurance	1,124.5	-0.4	-9.6	12.8
Multi-Investment	3,212.8	-0.0	-7.4	16.6
Industrial Investment	6,109.1	1.9	-7.0	10.8
Building & Construction	3,109.1	0.3	-8.9	-4.7
Real Estate Development	3,755.2	1.1	-8.0	38.8
Transport	4,066.7	1.2	-6.8	41.1
Media and Publishing	2,775.9	-0.2	4.5	29.2
Hotel & Tourism	7,186.1	0.7	-0.8	19.7

Source: Tadawul

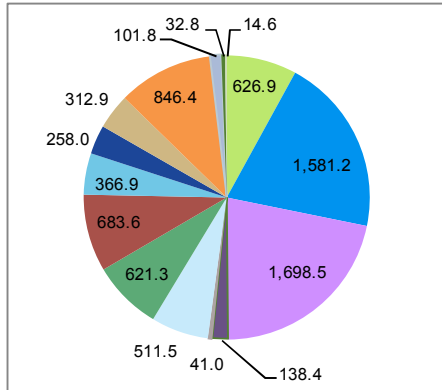
GCC Indices	Close	1D%	WTD%	MTD%	YTD%	Value Traded (USD mn)	Exchange Mkt. Cap. (USD mn)	P/E**	P/B**	Dividend Yield%
Saudi Arabia	7,103.5	1.1	0.1	-6.0	10.7	2,089.8	371,973.8	14.7	2.0	3.6
Qatar	8,498.7	0.9	0.5	-2.4	-3.2	91.1	124,831.7	8.9	1.7	4.4
Dubai	1,496.6	0.6	1.4	-8.2	10.6	43.6	49,473.8	15.8	0.7	4.3
Abu Dhabi	2,471.1	0.1	0.1	-1.3	2.9	41.6	76,159.5	9.0	1.0	4.9
Kuwait	6,381.0	-0.5	-0.7	0.2	9.7	74.0	105,346.0	36.1	1.2	3.0
Oman	5,750.4	2.3	1.7	-2.0	1.0	11.8	18,240.8	12.6	1.6	4.2
Bahrain	1,138.3	-0.7	-1.1	-1.3	-0.5	15.6	20,340.9	9.3	0.9	5.4

Global Indices Performance	Close	1D%	WTD%	YTD%	Asset/Currency Performance	Close	1D%	WTD%	YTD%
DJ Industrial	12,502.81	0.0	0.5	2.3	Gold(US\$)	1,568.50	-1.5	-0.4	0.3
S&P 500	1,316.63	0.0	0.9	4.7	Silver(US\$)	28.18	-1.0	0.5	1.2
NASDAQ 100	2,839.08	-0.3	0.9	9.0	Crude Oil (Brent)(US\$)	110.09	-0.9	1.4	1.3
DAX	6,435.60	1.7	2.0	9.1	Euro(US\$)	1.27	-1.0	-0.1	-2.1
FTSE 100	5,403.28	1.9	1.2	-3.0	USD Index	81.49	0.5	0.1	1.6
CAC 40	3,084.09	1.9	2.4	-2.4	GBP(US\$)	1.58	-0.5	-0.2	1.4



Tadawul Market Overview

Sector Turnover



Top Gainers

Company	Closing Price (SAR)	Change %	Volume (mn)
Najran Cement	23.0	4.6	61.9
Sharqiya Dev Co	53.0	3.9	2.1
Arab Cement	58.5	3.5	0.7
Gypsum	29.3	3.2	0.5
HCC	20.2	3.1	3.8

Source: Tadawul

Top Losers

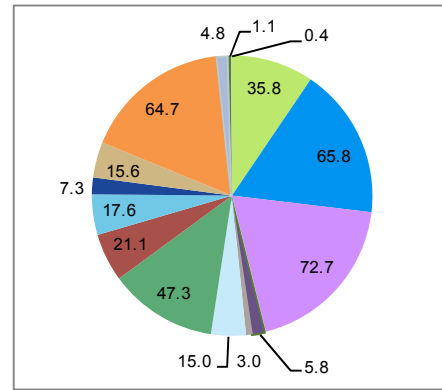
Company	Closing Price (SAR)	Change %	Value (mn)
Nama Chemicals	17.0	-9.8	39.6
Enaya	41.1	-3.1	2.1
Saudi Advanced	20.9	-3.0	8.5
Saudi Export	41.0	-2.4	0.8
Bupa Arabia	23.3	-1.9	0.5

Source: Tadawul

52 Week New High / Low

Company	Closing Price (SAR)	New High	New Low
Yanbu Cement	81.3	83.0	-
Pipes	29.9	39.5	-

Sector Volume



Volume Leaders

Company	Closing Price (SAR)	Change %	Volume (mn)
Najran Cement	23.0	4.6	61.9
Nama Chemicals	17.0	-9.8	39.6
Dar Al Arkan	11.1	0.9	34.5
Alinma	13.2	1.2	30.8
ZAIN KSA	9.2	0.6	30.6

Value Leaders

Company	Closing Price (SAR)	Change %	Value (mn)
Najran Cement	23.0	4.6	1,419.4
Nama Chemicals	17.0	-9.8	719.3
Alinma	13.2	1.2	406.7
SABIC	95.3	1.1	383.5
Dar Al Arkan	11.1	0.9	381.9

Stocks Consistently Gaining / Losing Over Last 3 Sessions

Company	Current Price (SAR)	3 Days Change %	3 Days Avg. Volume (mn)
Aseer	19.0	6.8	1.5
Knowledge Economic City	20.0	5.8	5.0
Saudi Indian Co For Co-operative Insuran	43.5	5.3	0.9
Saudi Cement	91.5	5.2	0.1
Allied Cooperative Insurance Group	34.3	-6.3	2.3

Source: Data pertaining to all the tables in this page are taken from Tadawul Stock Exchange, Official Website



Tadawul Technical Watch

Technical Outlook

TASI witnessed significant buying support in line with our expectations as the index remained above the 6,995 levels. The RSI is trending higher and MACD line is converging to the signal line on the upside. Hourly chart is indicating consolidation in the index. We expect TASI to consolidate at current levels with a positive bias if it stays above 7,095.

Pivot Table

Symbol	R2	R1	PP	S1	S2
TASI	7,177.3	7,140.4	7,084.9	7,048.0	6,992.5

Tadawul All Shares Index



Stocks Closest to Resistance

Company	Closing Price (SAR)	R1	R2	PP
Fawaz Abdulaziz Alhokair & Co.	82.0	82.1	82.2	81.9
Al-Hassan G.I. Shaker Co.	68.0	68.1	68.2	67.9
Saudi International Petrochemical Co.	20.2	20.3	20.3	20.2
Etihad Etisalat Co.	66.8	66.9	67.1	66.6
Al Mouwasat Medical Services Co.	48.7	48.8	49.0	48.8
Riyad Bank	23.8	23.9	23.9	23.8
Herfy Food Services Co.	87.0	87.3	87.5	86.8
Saudi Investment Bank	17.2	17.3	17.3	17.2
Taiba Holding Co.	22.1	22.2	22.2	22.1
Bank Al-Jazira	25.2	25.3	25.4	25.1

Source: Tadawul

Stocks Closest to Support

Company	Closing Price (SAR)	S1	S2	PP
Saudi Paper Manufacturing Co.	30.4	30.3	30.3	30.5
Arab National Bank	28.9	28.8	28.8	29.0
Makkah Construction and Development Co.	39.0	38.9	38.8	39.1
Co for Cooperative Insurance	49.3	49.2	49.0	49.3
Saudi Steel Pipe Co.	24.2	24.1	24.1	24.2
SAFCO	179.0	178.5	178.0	179.3
Rabigh Refining & Petrochemicals Co.	21.2	21.1	21.0	21.2
Tihama	77.0	76.8	76.5	77.3
Saudi National Petrochemical Co.	24.2	24.1	24.0	24.2
Saudi Hotels & Resort Areas Co.	27.5	27.4	27.3	27.5



Tadawul Technical Watch

Technical Outlook

SABIC witnessed a gap up opening above its resistance level of SAR94.75. However, the stock was not able to sustain the gains and closed at SAR95.25 after making a high of SAR96.25. On hourly chart 8 and 21 period EMA are acting as a good support for the stock. We expect SABIC to consolidate at current levels if it stays above SAR94.75.

SABIC

R2	R1	PP	S1	S2
96.9	96.1	95.4	94.6	93.9

Saudi Basic Industries Corp.



Technical Outlook

STC gained but witnessed significant selling pressure after making an intraday high of SAR40.50. The stock was able to break its narrow trading range but was not able to sustain the gains and closed at SAR40.30. The 8 period EMA is acting as a resistance for the stock. We expect STC to gain if it stays above SAR40.30.

STC

R2	R1	PP	S1	S2
40.7	40.5	40.3	40.1	39.9

Saudi Telecom Co.





Tadawul Technical Watch

Technical Outlook

Al Rajhi gained after the stock broke its major resistance level of SAR72.75 on the upside. The RSI is trending higher while the MACD line is converging to the signal line on the upside. The resistance breakout was supported by a significant volume which suggests that the stock could sustain the SAR72.75 levels. We expect Al Rajhi to gain further if it stays above SAR72.75.

Al Rajhi

R2	R1	PP	S1	S2
75.2	74.6	73.7	73.1	72.2

Al Rajhi Bank



Technical Outlook

Kayan gained but the stock failed to sustain the gains. The tested its 8 day EMA while making an intraday high of SAR16.50. The RSI and MACD are indicating consolidation in the stock. We expect Kayan to gain if it stays above SAR16.35.

KAYAN

R2	R1	PP	S1	S2
16.6	16.5	16.4	16.3	16.3

Saudi Kayan Petrochemical Co.





Tadawul Technical Watch

Technical Outlook

MA'ADEN gained in line with our expectations. The stock closed above its resistance level of SAR30.60. The RSI and MACD are indicating strength in the stock. We expect MA'ADEN to gain further.

MA'ADEN

R2	R1	PP	S1	S2
31.9	31.5	31.1	30.7	30.3

Saudi Arabian Mining Co.



Major GCC Companies

Technical Outlook

Emaar gained but closed below its resistance level of AED2.98. The RSI is trending higher while the MACD line is converging with the signal line on the upside. We expect Emaar to gain further if it stays above AED2.95.

EMAAR – Dubai Financial Market

R2	R1	PP	S1	S2
3.00	2.98	2.96	2.94	2.92

Emaar Properties



GCC Technical Watch

Technical Outlook

Arabtec gained but was not able to sustain the channel breakout. The stock has formed a gravestone candlestick pattern. The RSI and MACD are indicating weakness in the stock. We expect Arabtec to fall if stays below AED2.95.

ARTC

R2	R1	PP	S1	S2
3.03	2.98	2.94	2.89	2.85

Arabtec Holding Co.



Technical Outlook

Dana gas gained but was not able to close above its resistance level of AED0.41. The RSI is trending higher while the MACD line has made a positive crossover. We expect Dana Gas to gain if it breaks AED0.41 on the upside.

DANA

R2	R1	PP	S1	S2
0.42	0.41	0.41	0.40	0.40

Dana Gas





GCC Technical Watch

Technical Outlook

Industries Qatar gained in line with our expectations. The RSI is trending higher indicating strength in the stock. We expect Industries Qatar to gain if it stays above QR136.0.

IQCD

R2	R1	PP	S1	S2
140.6	139.8	138.2	137.4	135.8

Industries Qatar



Technical Outlook

Kuwait Finance gained and closed at its resistance level of KD710. The RSI is trending higher while the MACD line is about to make positive crossover. We expect Kuwait Finance to gain if it breaks KD710 on the upside.

KFIN

R2	R1	PP	S1	S2
716.7	713.3	706.7	703.3	696.7

Kuwait Finance House



Definition - Technical Indicators

Candlestick Patterns, Doji

Doji is a form of candlestick pattern. It normally suggests major up and down movements. Trading above the Doji is positive for the market. Trading below the Doji value indicates bearish momentum.

Hammer

A small body (white or black) near the high with a long lower shadow with little or no upper shadow. This indicates a bullish pattern during a downtrend.

Inverse-black-hammer: A bottom reversal signal with confirmation the next trading day.

Moving Average, SMA (Simple Moving Average)

Normally we use the 10, 20, 50 and 125 day SMA to identify the trend. A cross-over of the short-term moving average with the long-term moving average is positive for the market. The reverse is the case on the negative side.

DEMA - Double-smoothed Exponential Moving Average

We use the 10, 20 and 40 DEMA to identify a trend. A cross-over of the 10 and 20 DEMA gives a positive indication. A cross-over of the 20 and 10 DEMA gives a negative indication. As long as a stock or index trades above the 40 DEMA, this gives a positive indication for the stock or index. Trading below the 40 DEMA may create downside for a short time.

MACD - Moving Average Convergence and Divergence

The MACD has its own line period and another signal line; the dotted line indicates the signal line. When the MACD crosses the signal line from below and trades above it, it gives a positive indication. The reverse is the situation for a bearish trend.

RSI - Relative Strength Index

When the RSI remains below 30, it indicates that a market or stock is in oversold territory. When the RSI is above 70, it indicates that the market/stock is in an overbought level.

Price ROC

When the Price ROC is above zero it gives positive signals for an index or stock. When the price ROC is below zero, it gives a negative signal for the index or stock.

Stochastic Oscillators

When Stochastic Oscillators are below zero, the stock is in an oversold zone and some bounce back is expected. When Stochastic Oscillators are above zero, the stock is in an overbought zone and some correction is expected.

Williams' %R

When Williams' %R is above zero, the stock is in an overbought zone and some correction is expected. When Williams' %R is below zero, the stock is in an oversold zone and some bounce back is expected.

CCI (Commodity Channel Index)

While the CCI was originally designed for commodities, the indicator also works very well with stocks and mutual funds.

There are two methods of interpreting the CCI:

1. Looking for divergences: A popular method of analyzing the CCI is to look for divergences in which the underlying security is making new highs while the CCI is failing to surpass its previous highs. This classic divergence is usually followed by a correction in the security's price.
2. As an overbought/oversold indicator: The CCI usually oscillates between +/-100. Readings outside these ranges imply an overbought/oversold condition.

Fibonacci Retracements

Fibonacci Retracements are based on a trend line that we draw between a significant trough and peak. If the trend line is rising, the retracement lines will project downward; if the trend line is falling, the retracement lines will project upward. The number of Fibonacci Retracement levels appearing on the chart depends on the range of the y-axis. If we want to see all nine retracement levels, we may need to manually adjust the minimum and maximum values of the y-axis. Major Fibonacci Levels are 23.6%, 38.2%, 50%, 61.8% and 100%.

Whipsaw

A whipsaw is a situation in which a share price heads in one direction, but then is followed quickly by a movement in the opposite direction. The origin of the term is the push and pull action used by lumberjacks to cut wood with a type of saw of the same name.

Gravestone Doji

In a Japanese Candle Stick chart, this is a Doji candle where prices rallied but came back and closed at the level they started; the open and close are equal.

Inside Bar

An inside bar is a bar, which is completely within the range of the preceding bar, i.e. it has a higher low and lower high than the bar immediately before it. An inside bar indicates a time of indecision or consolidation. On a smaller time frame, it will look like a triangle. Inside bars often occur at tops and bottoms, in continuation flags, and at key decision points like major support/resistance levels and consolidation breakouts.

Big Bar

A big bar is a bar, which is bigger than the preceding bar, i.e. it has a lower low and higher high than the bar immediately before it. Normally, after, forming a big bar, for a coming few sessions, the stock may move in the range of the high and low of the big bar. Breaking out or breaking down will give a fresh bullish or bearish pattern.

Higher High

This implies that today's intra-day high is higher than the intra-day high(s) of the previous session(s).

Lower High

This implies that today's intra-day high is lower than the intra-day high(s) of the previous session(s).

Higher Low

This implies that today's intra-day low is higher than the intra-day low(s) of the previous session(s).

Lower Low

This implies that today's intra-day low is lower than the intra-day low(s) of the previous session(s).

Triangle

This is a technical analysis pattern created by drawing trend lines along a price range that gets narrower over time because of lower tops and higher bottoms. Variations of a triangle include ascending and descending triangles. Technical analysts see a breakout of this triangular pattern as either bullish (on a breakout above the upper line) or bearish (on a breakout below the lower line).

Standard Error Channel

Parallel lines drawn higher and lower from the Linear Regression Trend-line form **Standard Error Channels**. The distance at which they are traced is a certain number of standard errors over or above the linear regression trend-line. The characteristic of the price fluctuations is its movement from one extreme to another and it depends on the traders' common opinion. Prices trend up in the optimistic market whether a pessimistic one causes prices reduction. The prices are drawn to a certain equilibrium point existing for each issue. The location of such point can be found out by using the Linear Regression analysis whether Standard Error Channel analysis presents the data about the cyclic direction of the prices as well as the forecasts for possible trend changes.

Long Headed Doji Pattern

This is a bullish signal, particularly when around price support levels.

Double Tops / Double Bottoms

A double top is simply two peaks. After the second peak is formed a breakout through the base is a signal of a possible reversal of the trend in prices. In the case of a double bottom, two troughs form and an expectation follow for the possibility of a trend reversal if the market price rises through the base. Waiting for confirmation is important for trading double tops or double bottoms.

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